

# EMPLOYEES' PERCEPTION OF CSR AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR

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**ABSTRACT:** Organizations involvement in social responsible activities has become essential for their long term survival as it affect its employees attitudes and behaviors. Considering this argument, this study aims to examine the mediating role of job satisfaction between employees' perception of corporate social responsibility and organizational citizenship behavior. A sample of 308 was used to conduct the analysis using AMOS. The results of the study revealed that, when employees perceive their organization is involved in CSR activities they exhibit more satisfaction and citizenship behavior towards their organization.

**Key Words:** Corporate Social Responsibility, Job Satisfaction, Organizational Citizenship Behavior, Banking Sector.

## INTRODUCTION:

Focusing Corporate Social Responsibility (CSR) has become essential for the organizations of today as it is a source of competitive advantage [1]. According to [2], in today's economic conjecture organizations need to perform more by involving in responsible activities. Social responsibility is not only the source of an organization's legitimacy but also establish an organization's long term reputation. The concept CSR is getting researchers' attention across the globe for example, a latest survey on GCC countries concluded that 72% of the world-wide organizations has indicated that CSR has become important issue since two years [3].

CSR has been studied from different perspectives where its association with stakeholders is more prominent. Studies have identified the relationships between CSR and Customers [4], CSR and government [5] and CSR and shareholders [6], however its relationship with an organization's current employees has not been studied frequently except few [7]. Therefore, this study aims to examine how employees' perceptions of CSR activities affect employees' behaviors and attitudes.

Employees are one of the most important stakeholders of an organization as they play essential role in the success or failure of that organization. The relationship between employees' perception of CSR activities and their behaviors and attitudes can be understood with the help of 'Social Identity Theory' and 'Social Exchange Theory' [8-9]. Others [10] introduced social identity theory from psychological perspective. This theory studies the impact of social categorization, individual perceptions and group distinctiveness. According to this theory, individuals identify themselves into various groups to reinforce their self-esteem. Individuals seem to be self-esteem when they identify that their group has distinctiveness over other groups. Thus, this self comparison affects their attitudes [1]. When employees of an organization feel that their organization is involved in social responsible activities they feel a sense of satisfaction which ultimately enhances their self-esteem [11].

Social Identity Theory enhances employees' level of self-esteem and identification; however it does not integrate the notion of mutual obligation, expectation and reciprocity, which are important to understand that how identification

enhances employees' attitudes and behaviors. Social Exchange Theory provides a better understanding of this relationship. Social Exchange Theory states that, there exist exchange relations among individuals. When one individual receive something valuable from the giver, giver tried to reciprocate with similar or more value. Similarly, when employees of an organization feel that their organization is involved in social responsible activities which makes them satisfied and enhance their identity with that organization then employees in return reciprocate by showing positive attitudes (Job satisfaction) and behavior (organizational citizenship behavior).

Based on the social identity theory and social exchange theory, this study assumed that Employees perception of CSR activities enhances employees' level of job satisfaction which ultimately enhances their organizational citizenship behavior towards organization.

## METHODS:

Most of the studies in social sciences have used a questionnaire based survey to collect the respondents' responses. Therefore, this study also adopted the same method. The study was conducted on the employees of banking sector of Pakistan. There are 22 commercial banks registered with the web of state bank of Pakistan, having 81000 numbers of employees as per the information collected on January 2013. Of the total of, almost 14000 employees are working in the branches of Lahore, Pakistan. The researchers sent 500 questionnaires towards the selected population on the basis of convenience sampling technique of which only 308 responded back.

The respondents were also asked about their certain demographical characteristic. Majority of the respondents were male (N=159), having the age between 25-34 years (N=121). When they were asked about their marital status than 45% of them were married with children (37%) and holding a masters degree (N=98).

Respondents responses were recorded on a five points Likert scale ranging from 1 strongly disagree to 5 strongly agree. The study used adapted questionnaire from the past studies. For instance, to measure perceived CSR two items were adapted from the study of [12] and one item was adapted

from the study of [13]. A 3 items scale from the study of [12] was used and to measure employees' level of job satisfaction and a four items scale from the study of [14] was adapted to measure organizational citizenship behavior.

Instruments were also checked for its internal consistency using the values of Croanbach's Alpha where all the variables were found to have alpha value well about the standard value of 0.70 i.e. Perceived CSR (0.86), job satisfaction (0.79) and organizational citizenship behavior (0.88). These values show that the instrument used was having internal consistency.

**RESULTS AND DISCUSSION:**

Table 1 identifies the values of mean and correlation among the variables. The mean values of all the observed variables are near to agree, which means that most of the employees of banking sector agree about their level of job satisfaction and perceptions of CSR.

On the other hand, highest correlation was observed between job satisfaction and organizational citizenship behavior (r=0.43, P<0.01), this shows then satisfied employees exhibit more citizenship behaviors towards their organization. While, CSR was found to be positively related to job satisfaction and organizational citizenship behavior (i.e. r=0.32 and 0.27) respectively.

The study used path analysis using AMOS to examine the direct and indirect associations among observed variables.

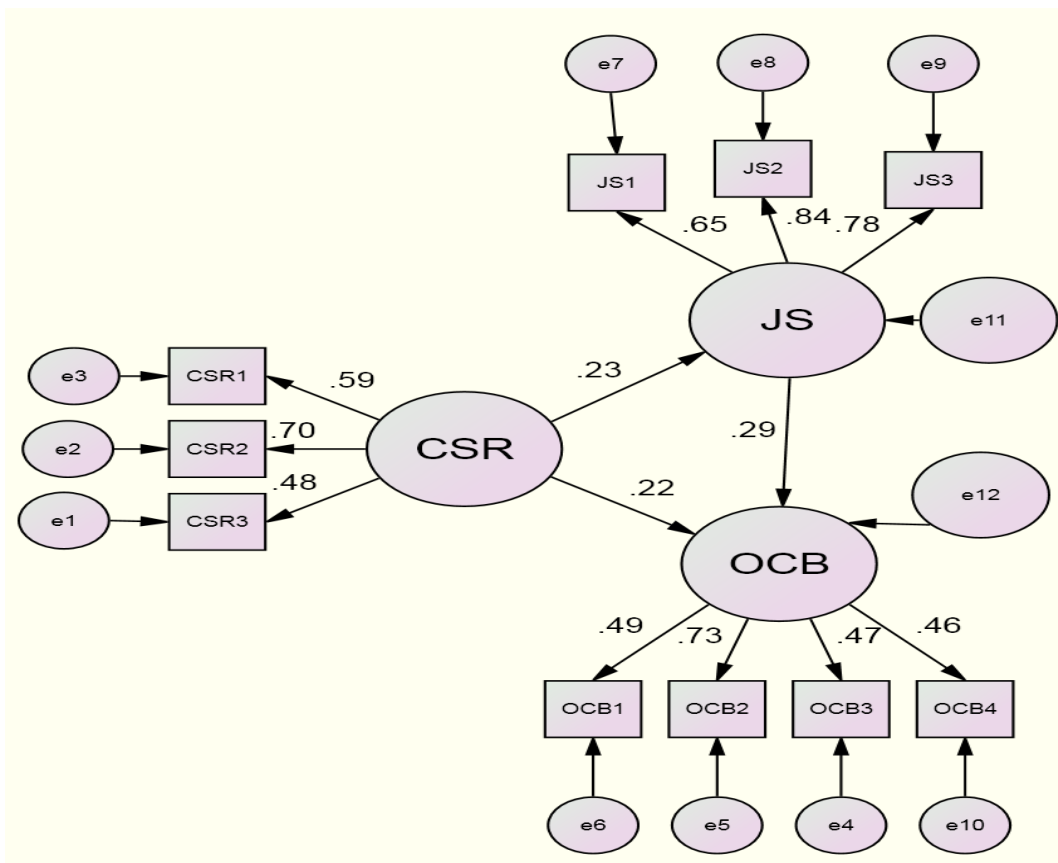
When the initial model was run, the values of model fitness were well above the standard values given by [15].

**Table 1: Correlation analysis**

Variables	Mean	1	2	3
CSR	3.78	1		
JS	4.24	0.32**	1	
OCB	3.93	0.27**	0.43**	1

The values of model fitness were observed as  $\chi^2 = 47.766$ ,  $df = 32$ ,  $p < 0.03$ ,  $\chi^2/df = 1.49$ , RMSEA = 0.040; NFI = 0.871; CFI = 0.972; GFI = 0.970; AGFI = 0.948; IFI = 0.973. While, the loading of each of the items were also found above the value of 0.30 [15] as shown in figure 1

The values of the figure 1 identifies a direct relationship between CSR and organizational citizenship behavior is significant (direct path = 0.22). While, the indirect relationship between the same variables using job satisfaction as mediation is also significant (indirect path = 0.23\*0.29 = 0.067). This identifies that job satisfaction performs the role of partial mediation between employees' perception of CSR and organizational citizenship behavior. These results are in line with the social exchange theory and social identity theory. Thus, when employees perceive that their organization is involved in CSR activities, they exhibit more satisfaction and are ready to perform extra behaviors.



**Figure 1: Path Analysis of Hypothesized Model**

The study has certain limitations. First, the data in this study was conducted at one point of time; future researchers should consider a longitudinal study. Second, this study was conducted on the banking sector of Lahore which limited the generalizability of this study. Therefore, future researchers should expand the study in different geographical area by incorporating different variables like, employee engagement, turnover intention and organizational identification.

### CONCLUSION:

This study is an attempt to examine the mediating role of job satisfaction between the relationship of perceived CSR activities and organizational citizenship behavior. Findings of the study revealed that, CSR not only enhances employees' citizenship behavior towards their organization directly, but also indirectly through job satisfaction. Therefore, to satisfy the employees, organizations should involve in CSR activities this will also increase their identification with the organization.

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